

ASX Announcement (ASX: HLS)

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Healius Update

- **Completion of sale of Montserrat Day Hospitals and receipt of proceeds**
- **Securing of debt covenant waiver**
- **Confirmation of analyst underlying EBIT consensus**

Healius Limited (“Healius”) (ASX:HLS) today announced the successful completion of the sale of Montserrat Day Hospitals (Montserrat) to Nexus Hospitals (announced on 8 December 2022).

Healius has received cash proceeds of \$127 million, which represented a \$138.6 million enterprise value¹ adjusted for deferred contingent consideration² and completion adjustments, including working capital and debt and debt-like items. The sale price represents approximately 18 times FY22 adjusted EBITDA (pre AASB16).

As previously announced, Healius will continue to provide pathology services across a number of existing Montserrat facilities with potential to expand the provision of diagnostic services within Nexus Hospitals.

Healius’ Managing Director and Chief Executive Officer, Ms Maxine Jaquet, said: “The successful sale of Montserrat has been achieved at an attractive valuation for Healius. It is an important step in providing additional focus on growing the core Pathology and Imaging services.

“I would like to express my appreciation and thanks to the team at Montserrat for their valued contribution over many years, and I wish them every success as part of Nexus Hospitals.”

Waiver of Debt Covenant

Healius has secured the support of its Banking Syndicate with regard to its gearing ratio covenant for the 30 June 2023 and 31 December 2023 testing dates (“Testing Dates”).

In order to provide additional financial flexibility as the market recovers post Covid, Healius has agreed with its banking group to amend the gearing ratio covenant. The banking group has agreed that the relevant covenant will be increased from 3.5 times to 4.0 times to provide additional headroom for these two Testing Dates.³

¹ The enterprise valuation is on a cash and debt free basis prior to completion adjustments and is stated on a pre-AASB16 basis (Montserrat had \$42.9 million of AASB 16 lease related liabilities as at 30 June 2022).

² The remaining outstanding contingent consideration of \$6.4m is subject to meeting certain financial targets to be determined in FY24.

³ The Australian Clinical Labs Limited (“ACL”) takeover offer is subject to a condition that there are no waivers, standstills or similar indulgences granted by Healius’ lenders in respect of debt covenants (see clause 11.9(r)(ii) of ACL’s replacement bidder’s statement dated 14 April 2023). The arrangements agreed with the lenders trigger this condition.

Other than these amendments, there are no material changes to margins or the terms of the existing debt facilities.

The amendments to the 30 June 2023 and 31 December 2023 covenants continue to provide Healius the flexibility to pay a cash dividend should it choose to do so.

Confirmation of Analyst Consensus

While Healius has not provided FY2023 guidance, it continues to monitor FY2023 analyst consensus. Assuming a continuation of current trading conditions for the remainder of FY2023, Healius confirms that it does not expect FY2023 underlying EBIT to differ materially from FY2023 underlying EBIT analyst consensus⁴.

ENDS

The release of this announcement has been authorised by the Board.

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For over 30 years Healius has been one of Australia's leading healthcare companies, committed to supporting quality, affordable and accessible healthcare for all Australians. Today, Healius has two core diagnostics businesses, pathology and imaging. Through its unique footprint of centres and its 10,500 employees, Healius provides Australia-wide specialty diagnostic services to consumers and their referring practitioners.

⁴ Average analyst underlying FY2023 EBIT of \$98.6m based on Visible Alpha as at 30 April 2023 (range \$87.1m to \$118.4m). Visible Alpha includes Citi, E&P, Jefferies, Jarden, Barrenjoey, Morgan Stanley, Morgans, RBC, Credit Suisse, Goldman Sachs, MST and Macquarie, and excludes Bank of America and JPMorgan.